



NORTHWEST ASSOCIATED CONSULTANTS, INC.

4150 Olson Memorial Highway, Ste. 320, Golden Valley, MN 55422
Telephone: 763.957.1100 Website: www.nacplanning.com

MEMORANDUM

TO: City of Buffalo
FROM: Stephen Gritman
DATE: March 12, 2020
RE: Buffalo – Alo Tax Credit Income and Rent Data
FILE NO: 137.02

This memo is intended to document the general requirements for rent levels and income qualifications for the Alo Apartment project at the corner of 1st Avenue NW and 3rd Street NW. The project received an allocation of Federal Income Tax Credits through the Minnesota Housing Finance Agency (MHFA) as a part of its development process.

There are a wide variety of housing assistance programs that are administered through a variety of agencies. This particular program uses equity from private investors (who receive federal income tax credits as a result of their investment). The MHFA allocates this equity to projects throughout the state in a competitive process. Developers apply for the financing because it is low-cost, but have to score high due to the popularity of the program – there are always many more project applications than available funding.

Scoring takes into account the community, the nature of the project, and a variety of local and regional factors. If a project is selected for funding, it then must go through local permitting. In exchange for the funding, the development is required to make units available to renters at “affordable” rent levels.

Affordability is based on family unit size, and income levels. The rents are capped based on family size, and renters are eligible provided they do not exceed the family income level based also on family size.

The tables on the following page show the income and rent thresholds for Wright County for projects approved since April of 2019. For these projects, the a renter can make up to 60% of the Area Median Income (AMI), but rents must be affordable to families that make 50% of AMI to ensure that there is affordability to a range of families.

County:	Wright							
Effective Date:	04/24/2019							
----- Income Limits By Household Size -----								
	1	2	3	4	5	6	7	8
20%	14,000	16,000	18,000	20,000	21,600	23,200	24,800	26,400
30%	21,000	24,000	27,000	30,000	32,400	34,800	37,200	39,600
40%	28,000	32,000	36,000	40,000	43,200	46,400	49,600	52,800
50%	35,000	40,000	45,000	50,000	54,000	58,000	62,000	66,000
60%	42,000	48,000	54,000	60,000	64,800	69,600	74,400	79,200
70%	49,000	56,000	63,000	70,000	75,600	81,200	86,800	92,400
80%	56,000	64,000	72,000	80,000	86,400	92,800	99,200	105,600
---- Maximum Gross Rents By Bedroom Size(Post 1989) ----								
	0	1	2	3	4	5	6	
20%		350	375	450	520	580	640	700
30%		525	562	675	780	870	960	1,050
40%		700	750	900	1,040	1,160	1,280	1,400
50%		875	937	1,125	1,300	1,450	1,600	1,750
60%		1,050	1,125	1,350	1,560	1,740	1,920	2,100
70%		1,225	1,312	1,575	1,820	2,030	2,240	2,450
80%		1,400	1,500	1,800	2,080	2,320	2,560	2,800

As noted above, the developers who apply for the tax credits are scored on a wide variety of factors, one of which is providing housing to families who are registered as homeless with the regional housing association (Central MN Housing Partnership, in the case of Wright Co.). Thus, applicants will typically include a set-aside of a certain number of units to gain those points. They are required to provide specific services to those tenants through a certified provider (there are several non-profits who provide those services) at the project owner's expense.

To read the table and understand how the rent and income numbers work, a one-person household can make up to \$42,000 per year, which is approximately \$21 per hour. To qualify for the unit, they typically must limit rent as a percentage of their income to 30%. Thus, a person making the \$42,000 limit would be eligible to pay just over \$1,000 per month. To qualify for the lower rent (\$875 per month), a person would have to have an income of at least \$35,000 per year, about \$17.50 per hour. Obviously, as family size increases, so do the income and rent thresholds.

Additional information can be found on the MHFA website at www.mnhousing.gov.